

Message Text

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ACTION AF-18

INFO OCT-01 ADP-00 EUR-25 IO-12 OMB-01 CIAE-00 DODE-00

PM-09 H-02 INR-09 L-03 NSAE-00 NSC-10 PA-03 RSC-01

PRS-01 SS-14 USIA-12 EB-11 COME-00 TRSE-00 RSR-01

/133 W

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R 281557 Z MAR 73

FM AMEMBASSY PRETORIA

TO RUEHC/ SECSTATE WASHDC 7848

INFO: RUEHPCT/ AMCONSUL CAPE TOWN 4355

AMCONSUL DURBAN

AMCONSUL JOHANNESBURG

UNCLAS PRETORIA 1016

E. O. 11652 : N/ A

TAGS : EFIN, ECON, SF

SUBJECT : NH 1973 BUDGET SPEECH

REF : CAPE TOWN 241

CAPE TOWN ALSO FOR EMBASSY

1. BUDGET PRESENTATION BY MINFIN DIEDERICH'S CONTAINED FEW SURPRISES THOUGH AT FIRST GLANCE DOES NOT APPEAR AS REFLATIONARY A MIGHT HAVE BEEN EXPECTED FROM PRESS PREDICTIONS. STATED THEME OF BUDGET WAS " TO PROMOTE HEALTHY GROWTH" AND THERE WAS REPEATED REFERENCE TO NEED FOR GOVERNMENT MODERATION TO PREVENT RESURRECTION OF DEMAND PRESSURES.

2. DETAILS WILL BE SUBMITTED WHEN TEXT AND DOCUMENTS AVAILABLE. FOLLOWING ARE SOME HIGHLIGHTS FROM BROADCAST OF SPEECH:

(A) PROTECTION FOR DOMESTIC INDUSTRIES TO BE MAINTAINED UNTIL TARIFF PROTECTION OBTAINED;

(B) GOVERNMENT WILL MOVE TOWARD JOB RECLASSIFICATION AND RECOGNIZES NEED FOR IMPROVED TRAINING OF AFRICAN WORKERS
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IN WHITE AREAS;

(C) FY 1972/73 INCOME ON REVENUE ACCOUNT SET AT R 3392 MILLION (X UP 20 PERCENT) EMPENDITURES SET AT R 3409 MILLION INCLUDING R 447 MILLION FOR DEFENSE;

(D) ON LOAN ACCOUNT, NEW FOREIGN BORROWING BUDGETED AT R 160 MILLION;

(E) NEW PROPOSALS INCLUDE INCREASED PENSION, ADDITIONAL ASSISTANCE TO EMPORERS, AND SOME TAX CONCESSIONS INCLUDING REDUCED SALES TAX ON SOME ITEMS HOWEVER, RECEIVE THE WIDE APPROVAL OF THIS HOUSE

AND OF THE COUNTRY AND WILL NOT BE CONSIDERED UNREASONABLE ABROAD. STATED AT ITS STARKEST, THE DILEMMA LIES IN THE DESIRE OF ALL CANADIANS TO

SERVE THE CAUSE OF PEACE IN INDOCHINA AS LONG AS, IN THE WORDS OF ONE HONOURABLE MEMBER, THERE IS THE SLIGHTEST HOPE OF A PEACEFUL SOLUTION TO THE VIET- NAM PROBLEM. ON THE OTHER HAND, THE GOVERNMENT IS EQUALLY RESOLVED THAT CANADIANS SHOULD NOT TAKE PART IN A CHARADE IN WHICH THEY WOULD BE REQUIED TO SUPERVISE NOT A CEASE- FIRE BUT CONTINUING AND POSSIBLE ESCALATING HOSTILITIES. FROM THE PURELY CANADIAN POINT O VIEW IT IS IMPORTANT THAT BOTH ASPECTS OF THE PROBLEM BE SQUARELY FACED. CANADA' S REPUTATION IS CLOSELY ASSOCIATED WITH OUR CONTRIBUTION TO INTERNATIONAL EFFORTS TO MAKE " PEACE- KEEPING" A REALITY. CONFIDENCE IN THE FEASIBILITY OF PEACE KEEPING ANYWHERE AN ONLY BE MAINTAINED IF ACTIVITIES BEARING THAT DESCRIPTION ARE NOT ONLY EFFECTIVE, BUT ARE SEEN TO BE EFFECTIVE BY WORLD OPINION.

DURING THE LATER STAGES OF THE NEGOTIATION OF THE PARIS AGREEMENTS ON VIET- NAM, THE GOVERNMENT THEREFORE INFORMED THE NEGOTIATING PARTIES

THAT IT RESERVED ITS POSITION ON WHETHER OR NOT CANDA WOULD PARTICIPATE AS A MEMBER IN THE ICCS UNTIL IT HAD SEEN AND STUDIED THE AGREED ARRANGEMENTS TO SEE IF, IN THE LIGHT OF OUR EXPERIENCE, THE ARRANGEMENTS WERE WORKABLE. AT THE SAME TIME WE PRESENTED TO THE NEGOTIATORS A SET OF CONDITIONS WHICH, IF MET, WOULD HAVE IN OUR VIEW MADE THE PEACEKEEPING ARRANGEMENTS FOR VIET- NAM PRACITCAL AND CREDIBLE. ALSO AT THE SAME TIME, WE OFFERED THROU THE U. S. GOVERNMENT SOME DETAILED PROPOSALS REGARDING THE ORGANIZATION

AND PRACTICAL ARRANGEMENTS OF TRUCE SUPERVISING IN VIET- NAM BASED ON THE CONCLUSIONS DRAWN FROM NINETEEN YEARS EXPERIENCE IN INDOCHINA.

I WILL NOT STRETCH THE PATIENCE OF THE HOUSE BY REPEATING OUR CONDIDITIONS WHICH WERE GIVEN IN FULL DETAIL IN MY SPEECH OF JAN 5. I THINK IT IS FAIR TO SAY THAT SOME OF OUR POINTS WERE UNCLASSIFIED

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ACCEPTED AND INCORPORATED IN THE DOCUMENTS THAT EMERGED. NEVERTHELESS, WHEN WE SAW THE RESULTS OF THE NEGOTIATION AS THEY WERE SIGNED IN PARIS IT ALSO BECAME CLEAR THAT, IN SPITE OF THE BEST EFFORTS OF THE NEGOTIATORS, THE TRUCE SUPERVISING ARRANGEMENTS LEFT MUCH TO BE DESIRED. MOREOVER, ONE OF OUR MOST IMPORTANT CONSIDERATIONS, THE ESTABLISHMENT OF A CONTINUING POLITICAL AUTHORITY TO WHICH THE ICCS AND ITS MEMBERS COULD REPORT, WAS LEFT FOR FURTHER CONSIDERATION BY AN INTERNATIONAL CONFERENCE TO BE HELD IN PARIS THIRTY DAYS AFTER THE SIGNATURE. AS THE HOUSE IS ALREADY AWARE, I LED THE CANADIAN DELEGATION TO PARIS AT THE END OF FEB WITH PROPOSALS THAT WOULD HAVE GIVEN THE ICCS THE REPORTING AUTHORITY WHICH WE CONSIDERED NECESSARY TO ITS SUCCESS.

IN THE MEANTIME, WE HAD CONCLUDED THAT THE OTHER TRUCE SUPERVISORY ARRANGEMENTS AS LAID DOWN IN THE AGREEMENT LEFT SOME DOUBT AS TO WHETHER THE CANADIAN CRITERIA COULD BE MET. AS I HAVE SAID BEFORE ON ALL POSSIBLE OCCASIONS, THIS IS NO CRITICISM OF THE AGREEMENTS OR OF THOSE WHO NEGOTIATED THEM. IT IS UNDOUBTEDLY THE BEST AGREEMENT THAT COULD HAVE BEEN NEGOTIATED IN THE CIRCUMSTANCES AND THE RESULTS HAVE, IN SPITE OF ALL, TURNED THE COURSE OF WORLD EVENTS IN A NEW AND MORE HOPEFUL DIRECTION. OUR RESERVATIONS THEREFORE ARE BASED SIMPLY ON A CANADIAN APPRECIATION THAT THE TASK AS OUTLINED WAS NOT ONE WELL-SUITED TO CANADIAN METHODS AND THE CANADIAN TEMPERAMENT. IN THE FINAL ANALYSIS WE RECOGNIZED, HOWEVER, THAT WHAT MATTERED MOST WAS THE ELEMENT OF GOOD FAITH ON THE PART OF ALL CONCERNED AND THIS COULD ONLY BE JUDGED BY TRYING TO MAKE THE MACHINERY WORK. IT WAS FOR THIS PURPOSE THAT WE AGREED TO SERVE FOR AN INITIAL PERIOD OF SIXTY DAYS - TO WHICH AN ADDITIONAL THIRTY-DAY GRACE PERIOD WAS ADDED TO ENABLE THE PARTIES TO FIND A SUBSTITUTE IN THE EVENT THAT WE DECIDED NOT TO CONTINUE. THAT 60-DAY PERIOD ENDS ON THURSDAY.

AFTER RETURNING FROM PARIS I CONCLUDED THAT IT WOULD NOT BE POSSIBLE TO REACH A WELL-FOUNDED DECISION WITHOUT HAVING SEEN FOR MYSELF THE CONDITIONS IN WHICH THE ICCS AND PARTICULARLY OUR DELEGATION WAS OPERATING, OR HAVING SPOKEN DIRECTLY WITH THE LEADERS OF THE GOVERNMENTS MOST DIRECTLY CONCERNED. I HAD, AS THE HOUSE KNOWS, HAD SEVERAL CONTACTS WITH THE U. S. SECRETARY OF STATE ON THIS SUBJECT AND WAS WELL AWARE OF THE VIEWS OF HIS GOVERNMENT. IT WANTED TO HAVE THE VIEWS OF OTHERS AS WELL.

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